

Message Text

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ACTION AID-59

INFO OCT-01 EA-12 NEA-10 ISO-00 FDRE-00 CIAE-00 INR-10
NSAE-00 IO-14 EUR-12 EB-08 AGRE-00 COME-00 OMB-01
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TO AMEMBASSY ROME
INFO SECSTATE WASHDC 6762
AMEMBASSY SINGAPORE

UNCLAS KABUL 1586

SINGAPORE FOR WHEAT ASSOCIATES DIRECTOR HUNT

E.O. 11652: N/A
TAGS: EAID, EAGR, AF
SUBJECT: AFGHANISTAN DROUGHT

REF: ROME 3247 AIDAC (NOTAL)

1. ACTUAL SIZE OF AFGHAN GRAIN SHORTFALL REMAINS CONTRO-
VERSIAL. GOA OFFICIALS ARE NOW CLAIMING THAT THE TOTAL
DEFICIENCY AMOUNTS TO 450,000 - 500,000 MT, WHILE THE U.S.
MISSION CONTINUES TO BELIEVE TRUE SHORTFALL IS ABOUT 250,000
MT. WE HAVE TRIED REPEATEDLY TO RECONCILE THE DIFFERENCES
BETWEEN OUR ANALYSIS AND THAT OF THE GOA BUT WITHOUT SUCCESS.
AT LEAST TWO POINTS CONTRIBUTE TO THIS LACK OF CONSENSUS.
A. U.S. MISSION AND GOA ARE BASING THEIR ANALYSES ON
DIFFERENT PREMISES: GOA USES THE RECORD 1976 HARVEST OF
2.9 MILLION TONS PLUS A PLANNED INCREMENT AS THEIR START-
ING POINT, WHILE WE ARE USING AN AVERAGE BASED ON A TEN-
YEAR SERIES;
B. PRODUCTION AND CONSUMPTION DATA ARE SCARCE
AND UNRELIABLE.
IT IS WORTH NOTING THAT THE GOA HAS NOT SEEN FIT TO
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DECLARE AN EMERGENCY OR TO COMMIT ANY SIGNIFICANT
AMOUNT OF ITS EMBARRASSINGLY SUBSTANTIAL, AND STILL
GROWING, FINANCIAL RESERVES TO THE COMMERCIAL PUR-
CHASE OF WHEAT, EVEN THOUGH SUCH A STEP WOULD BE
HIGHLY PROFITABLE IN THE DOMESTIC MARKET (E.G., A
100,000 TON WHEAT PURCHASE AT MAXIMUM U.S. PRICES
PLUS SHIPPING WOULD NET A PROFIT OF \$4.5 MILLION

WHEN SOLD AT EVEN THE ARTIFICIALLY LOW GOVERNMENT
SUBSIDY RATES).

2. ACCORDING TO GOA AND DIPLOMATIC SOURCES IN KABUL,
210,000 MT WHEAT AND 10,000 MT RICE IN SALES AND AID
HAVE BEEN COMMITTED AS FOLLOWS:

U.S. 50,000 MT WHEAT TITLE I WHEAT
USSR 30,000 MT WHEAT CONCESSIONAL SALE
20,000 MT WHEAT COMMERCIAL SALE
AT \$170/TON, CIF TERMEZ
TURKEY 20,000 MT WHEAT GRANT
INDIA 50,000 MT WHEAT EXCHANGE
WFP 35,000 MT WHEAT GRANT (AGAINST
FUTURE PROGRAMS)
AUSTRALIA 5,000 MT WHEAT GRANT
PAKISTAN 10,000 MT RICE GRANT

3. WHILE IN WASHINGTON IN JANUARY, GENERAL MOHAMMAD
ASEF, PRESIDENT OF THE AFGHAN FOOD PROCUREMENT DEPART-
MENT, MADE VERBAL REQUESTS FOR AN ADDITIONAL 50,000 TONS
PL 480 TITLE I WHEAT. HE RENEWED THIS REQUEST FOLLOWING
HIS RETURN TO KABUL, BUT IN THE ABSENCE OF NEW AND SUB-
STANTIALLY DIFFERENT DATA TO SUBSTANTIATE
THIS PRESUMED ADDITIONAL NEED, WE WILL NOT BE ABLE TO
RECOMMEND FAVORABLE CONSIDERATION FOR THIS REQUEST WHEN
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AND IF IT IS FORMALLY MADE. ALTHOUGH ASEF HAD STATED
HIS INTENTION TO MAKE A COMMERCIAL PURCHASE OF APPROXI-
MATELY 100,000 MT US WHEAT DURING HIS WASHINGTON VISIT,
HE APPARENTLY DECIDED TO DEVOTE ALL OF HIS EFFORTS TO
PURSUING CONCESSIONAL REQUESTS, AND THE COMMERCIAL PUR-
CHASE SEEMS TO BE IN LIMBO FOR THE FORSEEABLE FUTURE.

4. WE ARE MONITORING BAZAAR PRICES ON A WEEKLY BASIS.
ALTHOUGH HIGHER THAN LAST YEAR'S
PRICES (WHICH FOLLOWED A RECORD HARVEST), WHEAT AND
FLOUR DO NOT APPEAR TO BE UNREASONABLE OR UNAFFORD-
ABLE, AND SUPPLIES SEEM TO BE ADEQUATE FOR THE
SHORT-RUN. WE WOULD LIKE TO KNOW WHY FAO BELIEVES
THINGS "WILL BECOME INCREASINGLY DIFFICULT BEGINNING
IN MARCH," ESPECIALLY SINCE THAT MONTH SHOULD SEE
THE ARRIVAL OF 20,000 TONS OF COMMERCIAL SOVIET WHEAT,
50,000 TONS OF INDIAN WHEAT, AND 50,000 TONS OF
US TITLE I WHEAT.
ELIOT

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